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5 March 1952

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Inter-Agency Views on MIZ-62: The Present Political Situation in Guatemala and Possible Developments during 1952

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BACKGROUND

1. The draft estimate was prepared on a crash basis pursuant to discussion at the last IAC meeting (23 February).

2. The original terms of reference were quite elaborate. At the last IAC meeting, however, it was agreed to reduce the scope of the problem to that indicated in the title in order to expedite completion.

SUBSTANCE

3. In oral discussion the Air Force tends to argue from an implicit assumption that President Arbenz is already in fact a Communist puppet. No other Agency accepts this view, nor does the Board. State would go further than others in the opposite direction, holding that Arbenz might well act to rid himself of the Communists, given the opportunity to do so. The consensus, expressed in the draft, is that the relationship is best described as an expedient political alliance.

4. All IAC Agency representatives have concurred in the present draft. The Air Force would add a ninth conclusion as set forth on page 3. This addition was rejected by the Board and the representatives of all the other Agencies.

5. The issue presented by the Air Force proposal lies, in the first instance, between it and G-2. The underlying issue, however, is that referred to in paragraph 3 above. If Arbenz is a mere puppet, he will facilitate Communist control of the Army. If Arbenz is not a puppet, control of the Army is the last thing he would surrender to the Communists.

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6. In either case, there is no doubt that the Army command is now anti-Communist and it is estimated that the present command

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would seize power itself before it would submit to Communist control.

SHERMAN KENT
Assistant Director
National Estimates

O/NE:LLMontague:fd

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GUATEMALANS SEEK UNITED FRUIT DEAL

**Sale of Company Properties
Postponed for Week in Hope
of Ending Labor Dispute**

Special to THE NEW YORK TIMES.

GUATEMALA, March 5 — The sale of the United Fruit Company's Tiquisate plantations at public auction was postponed today for a week at the request of the lawyer representing the farm workers' union, which had put in a legal claim against the property for \$850,000 in wages that it contended was due the workers.

The court set the sale for next Wednesday. Meanwhile, the union representative indicated that an effort would be made to reach an understanding with the company regarding this claim and, for resumption of work at the plantations, which were devastated by storm and fires. About 3,500 farm workers are involved in the dispute.

Postponement of the sale was not unexpected. It had been indicated by the General Confederation of Labor's request that the union withdraw its claim against company properties and seek other means to settle the case.

President Spoke of Issue

Also, when Congress opened last Saturday, President Jacobo Arbenz Guzman referred in his message to the fruit company conflict and advised the reconsideration of recent measures to seek greater harmony.

Arcadio Chevez, the union's lawyer, revealed today that a basis for further talks was arranged yesterday with the company, and that the court had been requested to postpone action on the sale for one week. He explained that this was considered sufficient time to obtain from the company's Boston headquarters approval of conditions that might result in a definite agreement.

Dispute Caused by Dismissals

GUATEMALA, March 5 (UP)—The union's claim arose from the dismissal of 4,000 workers after a hurricane last September devastated the Tiquisate plantations. The company was ordered by the court either to rehire the men or pay their wages from September onward.

The company said it would rehire the workers only if it received adequate Government guarantees for capital investment needed to rehabilitate the plantations. No such guarantee was obtained. When the company refused to comply with the court's order, its Tiquisate properties were attached.

United Fruit appealed to the Guatemalan Supreme Court, which disclaimed jurisdiction over the case. Forced sale of the properties then was ordered to satisfy the

States interests, 800 employees of the International Railways of Central America ousted their leaders on the charge that they were controlled by the Guatemalan General Labor Confederation, which the employees had repudiated. The railroad is United States-owned.

The move was interpreted as a blow against Communist labor leadership.